



Commonwealth of Kentucky Public Protection Cabinet

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FOR IMMEDIATE RELEASE

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School Board Workers' Comp Fund Transferred

Outcome represents "softest landing" for school districts, injured workers

FRANKFORT, Ky. (Nov. 14, 2014) – Claims liabilities for the Kentucky School Board Insurance Trust's (KSBIT) workers' compensation fund have been transferred to Kentucky Employers' Mutual Insurance (KEMI) in a move that Insurance Commissioner Sharon P. Clark called the "softest possible landing for Kentucky school districts and injured workers."

KSBIT's workers' compensation and property/liability funds were placed in rehabilitation by the Kentucky Department of Insurance in November 2013. Under the joint and several liability agreement of self-insurance groups, members were assessed for their portion of the \$45.9 million deficit.

Franklin Circuit Court Judge Thomas Wingate earlier approved a service agreement for Risk Management Services Company to serve as the claims administrator for the run-off of the property/liability fund. This latest action finalizes a court-approved "loss portfolio transfer" to KEMI, which agrees to take over all workers' compensation fund obligations for a one-time payment of \$35 million.

Commissioner Clark said the cooperation of members, mainly public school districts and colleges/universities, and the Kentucky Department of Education smoothed the way

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for the quick resolution of the rehabilitation.

“When the funds went into rehabilitation, the Beshear administration pledged to give the members the softest landing possible and we have delivered. The members stepped up and met their obligations and the Department of Education partnered with us in every way,” Clark said. “KEMI’s board and leadership were willing to take on the claims liabilities, offer interest-free loans and handle the claims process at cost. Many school districts had a relationship with KEMI so they were a trusted partner from the beginning.”

Clark said she wanted to thank Joseph Pope, who served as deputy rehabilitator of the funds.

“Joe’s expertise was invaluable in this process,” she said. “His leadership and knowledge allowed us to finish the transfers in a year and prevented the members from facing an even larger assessment.”

The two funds were under the management of the Kentucky League of Cities Insurance Services Association at the time of rehabilitation.

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